

Covered Product Data
General Reporting and Verification Guidance
for California's Mandatory Greenhouse Gas Reporting Regulation

Introduction

This document provides general guidance for reporting and verification of covered product data pursuant to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (title 17, California Code of Regulations, section 95100 et seq.) (MRR). Additional sector-specific covered product data guidance is available for hydrogen producers, cement producers, tomato processors, petroleum and natural gas producers, and petroleum refineries and coke calciners. These documents can be found on the [Mandatory GHG Reporting Guidance Documents website](#).

This guidance document describes the requirements of MRR. This guidance document does not, and cannot, create or vary any legal requirements of MRR.

This document addresses the following areas related to covered product data: relevant definitions used in this document, North American Industry Classification System (NAICS) code and general reporting requirements, accuracy and calibration requirements, and verification requirements. General reporting and accuracy requirements can be found in sections 95103(k)-(l) of MRR. Reporting requirements for specific covered product data are listed in sections 95110, 95113-95120, 95124, and 95156 of MRR.

1 Definitions

Key terms that are included in this guidance are defined in sections 95102(a) and (b) of MRR, including specific covered products. This section provides definitions that are common to all covered product data reporting and verification.

“‘Adverse product data verification statement’ means a verification statement rendered by a verification body attesting that the verification body cannot say with reasonable assurance that the submitted emissions data report is free of material misstatement, or that the covered product data submitted in the emissions data report contains correctable errors as defined pursuant to this section and thus is not in conformance with the requirements to fix such errors pursuant to section 95131(b)(9), or both.”

“‘Covered product data’ means all product data included in the allocation of allowances under sections 95870, 95890, and 95891 of the Cap-and-Trade regulation, regardless of whether the cap-and-trade regulation imposes a compliance obligation for the data year.”

“‘Material misstatement’ means any discrepancy, omission, or misreporting, or aggregation of the three, identified in the course of verification services that leads a verification team to believe that the total reported covered emissions (metric tons of CO₂e) or total reported covered product data contains errors greater than 5%, as applicable, in an emissions data report. Material misstatement is

calculated separately for covered emissions and covered product data, as specified in section 95131(b)(12)(A).”

“‘Nonconformance’ means the failure to use the methods or emission factors specified in this article to calculate emissions, or the failure to meet any other requirements of the regulation.”

“‘Positive product data verification statement’ means a verification statement rendered by a verification body attesting that the verification body can say with reasonable assurance that the covered product data in the submitted emissions data report is free of material misstatement and that the product data conforms to the requirements of this article.”

“‘Product data’ means the sector-specific data specified in subarticles 2 and 5 of this article, including requirements in 40 CFR Part 98.”

“‘Qualified positive product data verification statement’ means a statement rendered by a verification body attesting that the verification body can say with reasonable assurance that the covered product data in the submitted emissions data report is free of material misstatement and is in conformance with section 95131(b)(9), but the product data may include one or more other nonconformance(s) with the requirements of this article which do not result in a material misstatement.”

2 NAICS Code Reporting

Industrial allowance allocation eligibility under the Cap-and-Trade Regulation is determined by NAICS code. To receive allocation under a product-based benchmark listed in Table 9-1 of the Cap-and-Trade Regulation, entities must have reported a NAICS code listed in Tables 8-1 and 9-1 of the Cap-and-Trade Regulation and report the associated covered product data through the California Electronic Greenhouse Gas Reporting Tool (Cal e-GGRT). If a facility expects to receive industrial allocation under more than one product benchmark, it must report the NAICS code for each industrial activity. Primary and additional NAICS codes can be reported in Cal e-GGRT. An entity with a NAICS code and performing an activity listed in Table 8-1 of the Cap-and-Trade Regulation, but without a NAICS code listed in Table 9-1 of the Cap-and-Trade Regulation, may be eligible for allocation under the Cap-and-Trade Regulation’s energy-based allocation methodology. Because NAICS codes and activities from both Table 8-1 and Table 9-1 of the Cap-and-Trade Regulation are used to determine eligibility for allowance allocation, verifiers must confirm pursuant to section 95131(b)(4) of MRR that the NAICS codes reported accurately represent the operator’s activities for those listed in Table 8-1 of the Cap-and-Trade Regulation. Pursuant to section 95131(b)(9) of MRR, if a reporting entity reports an inaccurate NAICS code(s) and the reporting entity does not submit a revised emissions data report to correct the NAICS code(s), the result will be an adverse product data verification statement.

3 Covered Product Data Reporting Methodologies

Covered product data reporting methods may differ by product. For most covered product data, reporting is based on production quantities of the finished products. Reporters may use two methodologies for reporting production quantities of non-intermediate covered product data: (1) production data or (2) sales data with an inventory adjustment (pursuant to 95103(k)(7) and 95103(k)(11), respectively). These two methodologies are considered equivalent. Operators must receive advance approval from ARB to change their reporting methodologies for covered product data (95103(m)).

Because not all covered product data are reported as production values, operators and verifiers must pay special attention to both the MRR reporting requirements for each covered product and the definitions for covered product data.

For the following covered product data, non-production quantities are required to be reported:

- *Clinker consumed* (section 95110(d)),
- *Limestone and gypsum consumed for blending* (section 95110(d)),
- *Complexity weighted barrel throughputs or inputs* (section 95113(l)(5)),
- *Liquid hydrogen sold* (section 95114(j)),
- *Plaster sold as a separate finished product* (section 95115(m)(3)),
- *Nameplate horsepower of turbine generator units tested* (section 95115(m)(4)),
- *Glass pulled* (section 95116(d)),
- *Saleable* production of tissue by product (section 95119(d)), and
- *Natural gas processed* (section 95156(d)).

Further, for the following covered product data, production data must be reported when the products are not sold (i.e., they are intermediate, not final, products):

- *Hot rolled steel produced* (section 95115(n)(1)),
- *Pickled steel sheet produced* (section 95115(n)(1)),
- *Pistachios hulled and dried and/or flavored and packaged* (section 95115(m)(17)),
- *Almonds pasteurized, blanched and/or flavored and dried* (section 95115(m)(17)), and
- *Intermediate dairy ingredients produced* (section 95115(n)(16)).

MRR also requires the reporting of other, non-covered product data. These data must be evaluated for conformance only and not material misstatement. Details of reporting these products are not addressed in this guidance document.

4 Measurement Accuracy and Meter Calibration Requirements

Section 95103(k) specifies the measurement accuracy and meter calibration requirements applicable to covered product data. If measurement accuracy cannot be demonstrated, operators must follow the provisions in section 95103(l) of MRR to exclude covered product data. For more information on metering and measurement accuracy and calibration requirements, refer to the Measurement Accuracy, Meter

Calibration, and Missing Data Requirements guidance document found on ARB's [Mandatory GHG Reporting Guidance Documents website](#), once available.

4.1 Measurement Accuracy and Meter Calibration Requirements

All measurement devices and data used to measure and calculate covered product data must meet the +/- 5 percent accuracy requirements outlined in section 95103(k) of MRR. For the 2014 data year only, operators of petroleum refineries and coke calciners may use best available methods for reporting primary refinery products¹ and calcined coke, but must still demonstrate +/-5 percent accuracy for these covered product data.

Pursuant to section 95103(k)(10) of MRR, if a meter fails calibration, recalibration, or a field accuracy assessment, and the meter represents more than 5 percent of the overall covered product data, the operator must demonstrate by other means to the satisfaction of the verifier and/or ARB that the measurements used to calculate the covered product data still meet +/-5 percent accuracy going back to the last successful calibration or field accuracy assessment, or must exclude the data pursuant to 95103(l). While the operator may demonstrate meter accuracy, if the operator reports the covered product data, the operator would still be issued a non-conformance for failing to calibrate the meter in accordance with MRR requirements. A nonconformance would still be applied in those cases where a failed meter calibration or recalibration of meters represents less than 5 percent of an operator's overall covered product data.

If an operator is unable to meet the requirements for meter calibration in section 95103(k) of MRR without causing operational disruption, the operator may submit a calibration postponement request to ARB. A calibration postponement request must meet the requirements of sections 95103(k)(8) and (9) of MRR, and be approved by ARB.

If an operator identifies a situation in which conventional metering is not feasible or identifies an alternative method that achieves the +/- 5 percent accuracy required by section 95103(k)(6) of MRR, the operator may submit a request for approval of an alternative measurement/monitoring method by following the requirements in section 95103(m) of MRR.

Table 1 below shows various scenarios for demonstrating measurement accuracy and meeting meter calibration requirements for covered product data under MRR and how material misstatement and conformance are assessed under each scenario.

¹ Primary refinery products are covered product data only for refineries that do not report a Solomon Energy Intensity Index.

Table 1: MRR Potential Covered Product Data Reporting Scenarios

Scenario	Approved method to demonstrate accuracy	Operator uses primary meter to report data	Method meets +/-5% accuracy requirement ¹	Primary meter status post-inspection	Operator includes product data or data in CWB calculation	Meter data included in material misstatement assessment	GHG Emissions Data Report in Conformance with 95103(k)	Positive verification Statement Issued ²
1	Postponement	Yes	Yes ³	Pass ⁴	Yes	Yes	Yes	Yes
2	Postponement	Yes	Yes ⁵	Fail ⁶	Yes	Yes	Yes	Yes
3	Postponement	Yes	No ⁷	--	No, must exclude ⁸	No	Yes	Yes
4	Alternative	No ⁹	Yes	--	Yes	Yes	Yes	Yes
5	Temporary ¹⁰	No	Yes	Fail	Yes	Yes	Yes	Yes
6	Non-postponement	Yes	Yes	Fail ¹¹	Yes	Yes	No	Qualified ¹²
7	Non-postponement	Possible ¹³	No ¹⁴	Fail	No, must exclude ¹⁵	No	Yes	Yes

¹Accuracy is demonstrated to the satisfaction of the ARB via the postponement request and the verifier confirms the approved method was followed

²A positive verification statement is issued if the verifier finds reasonable assurance of no material misstatement and nonconformance

³Accuracy demonstrated to the satisfaction of the verifier and ARB using methods described in the postponement request

⁴Meter primary element passes inspection (e.g., meets AGA/ISO standards)

⁵Accuracy demonstrated to the satisfaction of the verifier and ARB using methods described in the postponement request

⁶Meter primary element does not pass inspection requirements in section 95103(k)(6); data from primary meter is still valid because accuracy was demonstrated and approved under postponement request

⁷ARB approves method via the postponement request, but verifier finds that the accuracy requirements were not met

⁸Section 95103(l) requires that inaccurate covered product data be excluded

⁹ARB approves alternate method; operator uses engineering calculations that meet the accuracy requirements

¹⁰Pursuant to section 95103(m)(4), ARB pre-approval not required for using a temporary method, but operator must notify ARB by the reporting deadline that a temporary method was used; use of temporary method limited to less than 365 days

¹¹Meter primary element fails inspection requirements in section 95103(k)(6); data from primary meter is still valid because accuracy is within +/- 5 percent as demonstrated to a verifier and ARB

¹²Qualified Positive is possible if verifier finds reasonable assurance that there is no material misstatement

¹³Operator either relies on data from primary meter or uses another means to demonstrate accuracy to the verifier and ARB for the time period in question

¹⁴Meter does not satisfy the +/-5percent accuracy requirement for only a portion of the year

¹⁵Section 95103(l) requires that inaccurate covered product data be excluded

4.2 Excluding Covered Product Data

With the exception of cement plants, operators that report covered product data must exclude inaccurate covered product data pursuant to section 95103(l) of MRR. When inaccurate data are excluded, the reporting entity must describe the excluded data and estimate it using best available methods. Operators must exclude covered product data if there is no evidence of accuracy. Pursuant to section 95103(l) of MRR, reporters may also exclude covered product data for other reasons, such as when the quantity of product does not warrant the effort required to report the data accurately.

5 Verification of Covered Product Data

Covered product data are subject to the verification requirements as specified in section 95103(l) of MRR, and must be evaluated both for conformance and material misstatement. The conformance evaluation determines if all MRR requirements have been met in preparing and reporting the covered product data. The material misstatement evaluation is based upon the total calculated facility covered product data, and reporters must demonstrate to the verification body that the total covered product data are accurate to within +/-5 percent.

If an alternative measurement method has been approved by ARB pursuant to section 95103(m) of MRR, the reported product data will be verified against the approved measurement method. This also applies to alternate methods associated with postponement requests granted pursuant to sections 95103(k)(8)-(9) of MRR. Any methods used to comply with meter calibration and accuracy requirements in section 95103(k) of MRR should be clearly outlined in the reporting entity's GHG Monitoring Plan (section 95105(c)). Because allowances are distributed based on covered product data, the verifier's risk analysis and sampling plan must include all covered product data. The verifier must conduct an in-depth review for covered products identified as the highest risk, including detailed data checks and review of data management systems. For all other covered products the verifier should at a minimum review the data management systems for data collection, and review data as needed, to reach reasonable assurance that each covered product meets the accuracy requirements of section 95103(k).

While each individual product is required to meet the accuracy requirements in section 95103(k); the material misstatement assessment is based on the sum total of the accurate covered product data not subject to exclusion, and not on each individual product (see section 95131(b)(12)(A) of MRR). One exception exists: covered product data with different units of measure reported by the same entity (e.g., proof gallons, gallons, and short tons at wineries) must be evaluated separately for material misstatement. The material misstatement review does not include any excluded product data. An operator that excludes covered product data correctly, and who uses a reasonable method to separately estimate and report the quantity of excluded data, is in conformance with the regulation. A positive product data verification statement for the remaining data can result even if a large portion of covered product data is excluded. Material misstatement and other verification requirements still apply to the remaining reported covered product data, however.

6 Additional Information

Detailed training materials for reporting using Cal e-GGRT:
<http://www.arb.ca.gov/cc/reporting/ghg-rep/tool/ghg-tool.htm>.

The GHG Mandatory Reporting Regulation, with full requirements:
<http://www.arb.ca.gov/cc/reporting/ghg-rep/regulation/mrr-regulation.htm>.

Contact the MRR helpdesk: ghgreport@arb.ca.gov.

For help with reporting, please contact the appropriate staff member:
<http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-contacts.htm>.